

# State of South Dakota

## SEVENTY-NINTH SESSION LEGISLATIVE ASSEMBLY, 2004

159J0066

### HOUSE BILL NO. 1006

Introduced by: Representatives Hundstad, Hackl, Hanson, Hargens, and McCoy and Senators  
Dennert, Albers, Kleven, and Symens at the request of the Interim Committee  
on Property Tax Exemptions

1 FOR AN ACT ENTITLED, An Act to limit tax increment financing to the governing body  
2 approving the formation of the tax incremental district.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That chapter 11-9 be amended by adding thereto a NEW SECTION to read as  
5 follows:

6 A tax increment is that amount obtained by multiplying the total general property taxes  
7 levied by the governing body approving the creation of the tax incremental district on all taxable  
8 property within a tax incremental district in any year by a fraction having a numerator equal to  
9 that year's assessed value of all taxable property in the district minus the tax incremental base  
10 and a denominator equal to that year's assessed value of all taxable property in the district. In  
11 any year, a tax increment is positive if the tax incremental base is less than the aggregate  
12 assessed value of taxable property. It is negative if the base exceeds such value.

13 Section 2. That chapter 11-9 be amended by adding thereto a NEW SECTION to read as  
14 follows:

15 With respect to the municipality having the power to levy taxes on property located within



1 a tax incremental district, the calculation of the assessed valuation of taxable property in a tax  
2 incremental district, for purposes of computing the dollar and cents rate of the municipality, may  
3 not exceed the tax incremental base of the district until the district is terminated. The dollar and  
4 cents rate of the municipality so determined, however, shall be assessed and extended against  
5 all taxable property in the tax incremental district at its current assessed valuation. However, no  
6 change in South Dakota law affecting taxation of property may result in a lesser rate for the tax  
7 incremental base until the district is terminated pursuant to this chapter.

8 Section 3. That chapter 11-9 be amended by adding thereto a NEW SECTION to read as  
9 follows:

10 After all project costs and all tax incremental bonds and notes of the tax incremental district  
11 have been paid or provided for subject to any agreement with bondholders, if any moneys  
12 remain in the fund, the moneys shall be paid to the general fund of the municipality.

13 Section 4. The provisions of §§ 11-9-26, 11-9-27, and 11-9-45 apply to any tax incremental  
14 district created before July 1, 2004. The provisions of sections 1 to 3, inclusive, of this Act  
15 apply only to any tax incremental district created after June 30, 2004.